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Ex-Agent Tied To Plan to Give Data to Soviet

Computer Program Was Used for Intelligence

The following article is based on reporting by Philip Taubman and Jeff Gerth and was written by Mr. Gerth.

Special to The New York Times

WASHINGTON, Oct. 10. — Edwin P. Wilson, a former American intelligence agent charged with illegally shipping explosives to Libya, attempted to divert American technology used in electronic intelligence gathering and reconnaissance to the Soviet Union, according to two former associates familiar with the scheme.

The 1977 plan, they said, called for stealing the computer program for highly sophisticated American equipment in Iran that was used for detecting submarines and analyzing aerial reconnaissance information. The equipment, known as a digital image processing system, can enhance sonar and satellite data and has been sought by the Russians so that they can improve their own reconnaissance capabilities.

According to William J. Perry, Under Secretary of Defense for technology in the Carter Administration, the program, called source codes and usually stored on tapes or disks, has a "direct and powerful" military application.

Request to 'Appropriate' Codes

One former associate of Mr. Wilson said that Mr. Wilson had asked him to "appropriate" the program and that he had refused to do so. It is not known whether Mr. Wilson was able to obtain the program from some other source or whether it was ever obtained by the Russians.

The account of the planned diversion is the first indication that Mr. Wilson's private business activities after he left the Central Intelligence Agency may have extended to the Soviet Union. The computer code scheme also shows Mr. Wilson's interest in marketing military-related electronic equipment far more sensitive and difficult to obtain than the ordnance devices that he is charged with having sold to Libya.

The transfer of advanced American

technology to the Soviet Union is considered by senior Government officials, including Defense Secretary Caspar W. Weinberger, to be a major threat to American superiority in military technology.

Discussions about the planned diversion involved David P. Shortt, an English businessman who acts as a key middleman for the transfer of Western technology to the Soviet Union. Mr. Shortt managed the Austrian office of the Hewlett-Packard Corporation in 1973 when two of the company's computers were transferred by that office to Czechoslovakia without the required Government approval. Senior intelligence officials said that the Central Intelligence Agency considered the diversion to be a "serious loss" at the time.

Mr. Shortt, according to Federal law-enforcement officials, has twice been the subject of Government investigations concerning his ties to the Soviet Union and to Mr. Wilson and Frank E. Terpil, another former intelligence agent indicted with Mr. Wilson. Government officials say they have evidence that Mr. Shortt has met in Iran and the Soviet Union with officials of the K.G.B., the Soviet Government's intelligence service, but they do not know if Mr. Shortt is aware of the intelligence connections of his Russian associates.

The Federal investigations, which have not dealt with the computer code scheme, were considered routine until the recent emergence of Mr. Wilson as a major subject of investigations, Justice Department officials said. They added that the two investigations of Mr. Shortt had thus far proved inconclusive.

Mr. Wilson, responding to questions through his Washington attorney, John A. Keats, said that he had no recollection of the scheme to sell digital imaging processing technology to the Soviet Union. Mr. Wilson, currently a fugitive and living in Libya, also told Mr. Keats that he remembered meeting once with Mr. Shortt in 1977 but that they never did any business together.

According to Mr. Keats, Mr. Wilson thought that Mr. Shortt was connected with Mr. Terpil at the time.

Mr. Shortt, in an interview in his London office last week, denied any impropriety in his business affairs. He acknowledged a past association with Mr. Wilson, including participating in the discussions about transferring the computer code to the Soviet Union, but denied that he had ever participated in a business deal with Mr. Wilson.

He also denied having any improper association with Soviet intelligence officials, and said that his role as a middleman in sales to the Soviet Union put him in contact with many Soviet officials and made him a natural target for suspicion.

"It's a very fine line you walk down when you're working in hostile territory," he said.

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the K.G.B.? No. Would I work for the K.G.B.? No."

Mr. Shortt and Mr. Wilson worked in 1976 and 1977 as marketing representatives for a California electronics company that manufactured the image processing equipment Mr. Wilson apparently hoped to sell to the Soviet Union. The company, the Stanford Technology Corporation, not related to Stanford University, is based in Sunnyvale and applied to the Commerce Department in 1976 for an export license to sell the same equipment to the Soviet Union but was subsequently denied approval, according to Defense Department officials who reviewed the application.

These officials said that, because of the military applications of the technology, the request was eventually denied by Mr. Perry, then Under Secretary of Defense for research and engineering and formerly the head of a company that manufactured digital image processing equipment.

Mr. Perry, in a telephone interview, said he did not specifically remember the Stanford Technology application but that, in general, it would be a "serious mistake" to give the Russians a "free ride" in obtaining digital imaging technology, an area in which the Russians lag behind America. He said it would be difficult to determine whether the Soviet Union had actually come into possession of the technology.

A former Stanford Technology official said that Mr. Shortt asked him in late 1978 to "make sure" the export application "passed," an instruction that the employee, Glenn Peterson, said he interpreted as calling for him to "lie or fill out the form inaccurately." Mr. Peterson said he had left the company in large part because of Mr. Shortt's request and the attempted sale to the Soviet Union.

Mr. Shortt said he told Mr. Peterson to "prepare the information for the licensing form."

Mr. Shortt said he met Mr. Wilson and Mr. Terpil, another former C.I.A. employee indicted last year with Mr. Wilson on charges of shipping explosives to Libya, in Iran in 1978 through Albert Hakim, an Iranian businessman who controlled Stanford Technology. At that time, Stanford Technology was selling sophisticated surveillance systems as well as digital image processing equipment.

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